MINISTRY AND FOREIGN OFFICE SINCE SOVIET NOV 27 NOTE. IS APPARENT HOPELESSNESS IN FORESEEABLE FUTURE OF CHANGING STATUS QUO (OF DIVIDED GERMANY) TO WESTERN ADVANTAGE IN FACING UP TO THIS. BRITISH SEEM TO HAVE CONCLUDED THAT SO LONG AS WEST CAN REMAIN IN BERLIN, IT CAN AFFORD SOME POLITICAL RETREAT OR PAY SOME PRICE ELSEWHERE. THIS WOULD APPEAR TO THEM AS BEING MERELY REALISTIC AND NOT ENTIRELY UNHOPEFUL SO LONG AS NEW PREIOD OF NEGOTIATIONS (ALL THE WAY FROM SUMMIT TO TRADE TALKS)

IS SET IN MOTION. IT IS OUR GUESS THAT WHATEVER DETAILS

PERMANENT

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SPECK

-2- 4753, MARCH 13, 7 PM, FROM LONDON

COME UP FOR DISCUSSION IN FORTHCOMING WASHINGTON TALKS, THEY WILL BE RELATED TO THIS UNDERLYING OBJECTIVE. EMB WOULD NOT WISH TO APPEAR UNDULY SKEPTICAL ABOUT BRITISH OBJECTIVES AT THIS POINT, BUT IS STRUCK BY ENERGY WITH WHICH MACMILLAN IS PRESSING A POINT OF VIEW MOTIVATES SO STRONGLY BY AWARENESS OF LIMITATIONS ON DOING ANYTHING ELSE EXCEPT NEGOTIATE AT THIS JUNCTURE.

WHITNEY

FKG/20

(#) OMISSION. CORRECTION TO FOLLOW.